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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

July 14, 2006

Legislative Audit Commission  
622 Stratton Office Building  
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the fourth quarter of Fiscal Year 2006 ending June 30, 2006.

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***FISCAL MATTERS***

<b><i>FY 2006 – FOURTH QUARTER</i></b>				
	<b><i>Appropriation</i></b>	<b><i>Expended</i></b>	<b><i>Obligated</i></b>	<b><i>Balance</i></b>
Personal Services	\$ 4,349,900	\$ 4,317,836	\$ 0	\$ 32,064
State Retirement	579,500	336,581	0	242,919
Social Security	323,600	322,048	0	1,552
Contractual Services	665,000	634,398	5,995	24,607
Travel	71,100	63,904	0	7,196
Commodities	20,000	7,596	0	12,404
Printing	22,000	20,453	0	1,547
Equipment	88,000	38,249	0	49,751
EDP	117,000	36,757	28,700	51,543
Telecommunications	60,000	50,120	0	9,880
Oper. of Auto. Equip.	5,000	4,154	0	846
Audits/Studies/Invest.*	<u>14,817,000</u>	<u>10,138,510</u>	<u>4,204,285</u>	<u>474,205</u>
<b>TOTAL</b>	<b><u>\$21,118,100</u></b>	<b><u>\$15,970,606</u></b>	<b><u>\$4,238,980</u></b>	<b><u>\$ 908,514</u></b>
*Audit Expense Fund				

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## ***PERSONNEL***

<b><i>PERSONNEL</i></b>					
	<b><u>04-01-06</u></b>	<b><u>Appointments</u></b>	<b><u>Separations</u></b>	<b><u>Transfers</u></b>	<b><u>06-30-06</u></b>
<b>Springfield</b>	<b>64</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>72</b>
<b>Chicago</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
<b>TOTAL</b>	<b><u>75</u></b>	<b><u>9</u></b>	<b><u>1</u></b>	<b><u>0</u></b>	<b><u>83</u></b>

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## ***CONTRACTS***

During the fourth quarter of Fiscal Year 2006 the Office of the Auditor General entered into ninety financial/compliance audit contracts.

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## ***TRAINING***

During the fourth quarter of Fiscal Year 2006, OAG-sponsored training included:

- Ethics
- Illinois OAG Audit Policies and Procedures
- Compliance Audit Issues Update: May 06
- Compliance Audit Issues Update: June 06
- IT Security and Confidentiality

Additional external-sponsored training in which staff participated included:

- NSAA/NASC Joint Middle Management Conference
- AICPA's New Audit Standards
- Illini Chapter 2006 Three-Day Seminar
- IL CPA Foundation 2006 Government Conference
- Quality Assurance and Improvement Program
- Basic Investigative Skills
- A New Emphasis on Integrity-Fraud & Other Emerging Issues in the Public Sector
- 2006 Governmental Accounting and Auditing Update
- 2006 Technical Assistance Program Seminar
- IT Conference & Expo

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## ***PERFORMANCE AUDITS***

<b><i>PERFORMANCE AUDITS IN PROGRESS</i></b>
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<b><i>AUDITS</i></b>	<b><i>ESTIMATED RELEASE DATE</i></b>
<ul style="list-style-type: none"><li>• Program Audit of the Department of Financial and Professional Regulation's Disciplining of Physicians (<i>House Resolution No. 16</i>)</li></ul>	Summer 2006
<ul style="list-style-type: none"><li>• Management Audit of I-SaveRx Program and Ecosse Hospital Products, Ltd. Flu Vaccine Contract (<i>House Resolution No. 394</i>)</li></ul>	Summer 2006
<ul style="list-style-type: none"><li>• Village of Robbins' Use of Municipal Economic Development Funds (<i>P.A. 90-813</i>)</li></ul>	Summer 2006
<ul style="list-style-type: none"><li>• Audit of the Chicago Transit Authority, Regional Transportation Authority, Pace, and Metra (<i>House Resolution Nos. 479 and 650</i>)</li></ul>	Fall 2006
<ul style="list-style-type: none"><li>• Study of Duplicate Programs (<i>LAC No. 130</i>)</li></ul>	Fall 2006
<ul style="list-style-type: none"><li>• Rend Lake Conservancy District Follow-up (<i>LAC No. 133</i>)</li></ul>	Fall 2006
<ul style="list-style-type: none"><li>• Program Audit of the Dept. of Human Services' Office of Inspector General (<i>P.A. 93-636</i>)</li></ul>	Fall/Winter 2006
<ul style="list-style-type: none"><li>• Management Audit of Illinois Department of Transportation: Aeronautics Operations (<i>LAC No. 135</i>)</li></ul>	Winter 2007
<ul style="list-style-type: none"><li>• Performance Audit of State Moneys Provided By or Through State Agencies to the Illinois Hispanic Chamber of Commerce, Inc., and/or the Mexican American Chamber of Commerce of Illinois, Inc. (<i>Senate Resolution No. 631</i>)</li></ul>	Spring 2007
<ul style="list-style-type: none"><li>• Program Audit of Funding Provided By or Through the State of Illinois to CeaseFire Illinois (<i>Senate Resolution No. 686</i>)</li></ul>	Spring 2007
<ul style="list-style-type: none"><li>• Audit of Pilsen-Little Village Community Mental Health Center, Inc. (<i>House Resolution No. 1146</i>)</li></ul>	Spring 2007

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## ***REGIONAL OFFICES OF EDUCATION AUDITS***

Public Act 92-544, effective June 12, 2002, gave the Office of the Auditor General the responsibility for the conduct of annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. Previously, these audits were the responsibility of the Illinois State Board of Education. There are 48 total audits to perform; 45 are of Regional Offices of Education and 3 are of Intermediate Service Centers. As of June 30, 2006, 35 fiscal year 2005 audits had been released.

## ***FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS***

The following is a listing of financial audits, single audits and compliance attestation examinations for the period(s) ending June 30, 2005, September 30, 2005, December 31, 2005, and April 30, 2006. As the year progresses the “date released” column along with type of agency engagement columns will be completed.

<b><i>FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS FOR THE PERIOD(S) ENDING JUNE 30, 2005, SEPTEMBER 30, 2005, DECEMBER 31, 2005, AND APRIL 30, 2006</i></b>
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*F = Financial*

*S = Single Audits*

*C = Compliance Attestation Examinations*

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
Architect of the Capital		x		02-14-06
Arts Council and Foundation	x	x		03-02-06
Attorney Registration and Disciplinary Commission	x	x		05-18-06
Board of Admissions to the Bar	x	x		04-25-06
Board of Examiners		x		02-16-06
Board of Higher Education		x		03-22-06
Capital Development Board	x			02-09-06
Chicago State University	x	x	x	03-01-06
Chicago State University Foundation	x	x		03-01-06
Chicago Technology Park	x	x		03-08-06
Chicago Transit Authority (12/31/05)				
Civil Service Commission		x		02-09-06
Commission on Government Forecasting and Accountability		x		02-14-06
Commission on Intergovernmental Cooperation		x		02-14-06
Comptroller – Fiscal Officer	x	x		03-30-06
Correctional Industries	x			03-02-06
Court of Claims		x		03-09-06
Criminal Justice Information Authority & IL Intergrated		x		03-02-06

## **FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS**

<b>AGENCY</b>	<b>F</b>	<b>C</b>	<b>S</b>	<b>DATE RELEASED</b>
Justice Information System				
DCMS – Deferred Compensation Plan – (12/31/05)	x			06-22-06
Deaf and Hard of Hearing Commission		x		02-09-06
Department of Agriculture		x		06-20-06
Department of Central Management Services (Follow-up for FY 04 audit findings)			x	10-26-05
Department of Central Management Services	x	x		04-25-06
Department of Children and Family Services	x	x		04-11-06
Department of Employment Security	x	x		06-20-06
Department of Financial and Professional Regulation	x	x		06-01-06
Department of Human Rights		x		04-11-06
Department of Human Services – <i>Central Office and Lincoln Developmental Center</i>	x	x		06-13-06
Dept. of Human Services - <i>Alton Mental Health Center</i>		x		06-13-06
Dept. of Human Services - <i>Center for Rehabilitation &amp; Education</i>		x		06-13-06
Dept. of Human Services - <i>Chester Mental Health Center</i>		x		06-13-06
Dept. of Human Services - <i>Chicago Read Mental Health Center</i>		x		06-13-06
Dept. of Human Services - <i>Choate Mental Health Center</i>		x		06-13-06
Dept. of Human Services - <i>Elgin Mental Health Center</i>		x		06-13-06
Dept. of Human Services - <i>Fox Developmental Center</i>		x		06-13-06
Dept. of Human Services - <i>Howe Developmental Center</i>		x		06-13-06
Dept. of Human Services – <i>Jacksonville Developmental Center</i>		x		06-13-06
Dept. of Human Services - <i>Kiley Developmental Center</i>		x		06-13-06
Dept. of Human Services - <i>Ludeman Developmental Center</i>		x		06-13-06
Dept. of Human Services - <i>Mabley Developmental Center</i>		x		06-13-06
Dept. of Human Services - <i>Madden Mental Health Center</i>		x		06-13-06
Dept. of Human Services – <i>McFarland Mental Health Center</i>		x		06-13-06
Dept. of Human Services – <i>Murray Developmental Center</i>		x		06-13-06

## **FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS**

<b>AGENCY</b>	<b>F</b>	<b>C</b>	<b>S</b>	<b>DATE RELEASED</b>
Dept. of Human Services - <i>School for the Deaf</i>		x		06-13-06
Dept. of Human Services - <i>School for the Visually Impaired</i>		x		06-13-06
Dept. of Human Services - <i>Shapiro Developmental Center</i>		x		06-13-06
Dept. of Human Services - <i>Singer Mental Health and Developmental Center</i>		x		06-13-06
Dept. of Human Services - <i>Tinley Park Mental Health Center</i>		x		06-13-06
Department of Labor		x		03-28-06
Department of Natural Resources	x			05-19-06
Department of Public Aid	x	x		03-28-06
Department of Public Health		x		04-25-06
Department of Revenue	x	x		04-25-06
Department of Transportation	x	x		03-28-06
Drycleaner Environmental Response Trust Fund Council		x		03-09-06
DuPage Water Commission (04/30/06)				
DuQuoin State Fair (09/30/05)		x		06-20-06
Eastern Illinois University	x	x	x	02-22-06
Eastern Illinois University Alumni Association	x	x		02-22-06
Eastern Illinois University Foundation	x	x		02-22-06
Educational Labor Relations Board		x		02-09-06
Emergency Management Agency		x		03-09-06
Environmental Protection Agency	x			02-16-06
Executive Office of Inspector General		x		04-25-06
General Assembly – Senate		x		02-14-06
General Assembly – House		x		02-14-06
General Assembly Retirement System	x			03-01-06
General Assembly Retirement System		x		05-02-06
Governors Commission on the Status of Women		x		02-09-06
Governors Office of Management and Budget	x	x		04-11-06

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***FINANCIAL AUDITS, SINGLE AUDITS AND  
COMPLIANCE ATTESTATION EXAMINATIONS***

<i><b>AGENCY</b></i>	<i><b>F</b></i>	<i><b>C</b></i>	<i><b>S</b></i>	<i><b>DATE RELEASED</b></i>
Governors State University	x	x	x	03-01-06
Governors State University Alumni Association	x	x		03-01-06
Governors State University Foundation	x	x		03-01-06
Guardianship and Advocacy Commission		x		03-08-06
High School Association		x		04-11-06
Housing Development Authority	x	x	x	04-25-06
Human Rights Commission		x		03-22-06
Illinois Commerce Commission		x		04-11-06
Illinois Conservation Foundation	x	x	x	05-18-06
Illinois Environmental Protection Agency (Fund 270)	x			02-16-06
Illinois Finance Authority	x	x		05-18-06
Illinois Gaming Board		x		04-25-06
Illinois Grain Insurance Corporation	x	x		05-18-06
Illinois Labor Relations Board		x		03-09-06
Illinois Math and Science Academy	x	x		03-02-06
Illinois Math and Science Academy Fund	x	x		03-02-06
Illinois Petroleum Resources Board		x		04-25-06
Illinois Planning Council on Developmental Disabilities		x		02-09-06
Illinois State Fair (09/30/05)		x		06-20-06
Illinois State University	x	x	x	03-08-06
Illinois State University Foundation	x			03-08-06
Illinois Student Assistance Commission, IDAPP and Prepaid Tuition	x	x		05-18-06
Illinois Supreme Court		x		04-25-06
Judges Retirement System	x			03-01-06
Judges Retirement System		x		05-02-06
Kankakee River Valley Area Airport Authority	x	x		03-08-06
Legislative Audit Commission		x		02-14-06

## ***FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS***

<b><i>AGENCY</i></b>	<b><i>F</i></b>	<b><i>C</i></b>	<b><i>S</i></b>	<b><i>DATE RELEASED</i></b>
Legislative Printing Unit		x		02-14-06
Legislative Reference Bureau		x		02-14-06
Legislative Research Unit		x		02-14-06
Literacy Foundation	x	x		02-16-06
Medical District Commission		x		03-08-06
Medical District Commission at Springfield	x	x		02-09-06
METRA (12/31/05)	x	x	x	06-01-06
Metro. Pier and Exposition Authority		x		03-08-06
Northeastern Illinois University	x	x	x	02-16-06
Northeastern Illinois University Foundation	x	x		02-16-06
Northern Illinois University	x	x	x	02-22-06
Northern Illinois University Alumni Association	x			02-02-06
Northern Illinois University Foundation	x			02-02-06
Office of the Governor		x		03-30-06
Office of the Lieutenant Governor		x		03-30-06
PACE (12/31/05)	x	x	x	05-02-06
Pension Laws Commission		x		02-09-06
RTA (12/31/05)	x	x	x	06-22-06
Secretary of State	x	x		03-30-06
Southern Illinois University	x	x	x	03-23-06
Southern Illinois University Carbondale – Alumni Assoc.	x	x		03-23-06
Southern Illinois University Carbondale – Foundation	x	x		03-23-06
Southern Illinois University Carbondale Foundation Evergreen Terrace	x			03-23-06
Southern Illinois Univ. Edwardsville – Alumni Assoc.	x	x		03-23-06
Southern Illinois University Edwardsville – Foundation	x	x		03-23-06
Southern Illinois University Physicians and Surgeons	x	x		03-23-06
Southern Illinois University Research Park	x	x		03-23-06



## ***FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS***

<b><i>AGENCY</i></b>	<b><i>F</i></b>	<b><i>C</i></b>	<b><i>S</i></b>	<b><i>DATE RELEASED</i></b>
Southern Illinois University – University Park	x	x		03-23-06
State Board of Education	x	x		03-22-06
State Board of Elections		x		02-16-06
State Board of Investment	x			03-01-06
State Board of Investment		x		05-03-06
State Employees’ Retirement System	x			03-01-06
State Employees’ Retirement System		x		05-02-06
State Universities Retirement System	x			03-01-06
State Universities Retirement System		x		05-02-06
Statewide Single Audit				
Summer School for the Arts		x		03-22-06
Teachers’ Retirement System	x			03-01-06
Teachers’ Retirement System		x		05-02-06
Teachers’ Pension and Retirement System – Chicago		x		04-11-06
Toll Highway Authority (12/31/05)				
Treasurer – Bright Start College Savings Program	x			02-09-06
Treasurer – Fiscal Officer	x	x		03-30-06
Treasurer – Illinois Funds	x			02-09-06
Treasurer – Non-fiscal officer		x		03-30-06
Universities Civil Service Commission		x		02-09-06
University of Illinois	x	x	x	03-28-06
University of Illinois Alumni Association	x			02-02-06
University of Illinois Foundation	x			02-02-06
University of Illinois – Prairieland Energy, Inc.	x			03-08-06
University of Illinois – Research Park LLC	x			02-02-06
University of Illinois – Ventures LLC	x			02-02-06
University of Illinois – Wolcott Wood & Taylor, Inc.	x			02-02-06
Upper River Valley Development Authority		x		04-25-06

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***FINANCIAL AUDITS, SINGLE AUDITS AND  
COMPLIANCE ATTESTATION EXAMINATIONS***

<i><b>AGENCY</b></i>	<i><b>F</b></i>	<i><b>C</b></i>	<i><b>S</b></i>	<i><b>DATE RELEASED</b></i>
Western Illinois University	x	x	x	03-08-06
Western Illinois University Foundation	x	x		03-08-06
Workers Compensation Commission	x	x		03-02-06

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## ***INFORMATION SYSTEMS AUDITS***

These audits are components of each agency's regularly scheduled financial audits, single audits and compliance attestation examinations for the period ending June 30, 2005.

<b><i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2006</i></b>	
•	Board of Higher Education
•	Department of Central Management Services
•	Department of Central Management Services – BCCS 3 <sup>rd</sup> Party Review
•	Department of Children and Family Services
•	Department of Financial and Professional Regulation
•	Department of Human Services
•	Department of Labor
•	Department of Public Aid
•	Department of Public Health
•	Eastern Illinois University
•	Governors Office of Management and Budget
•	Illinois Commerce Commission
•	Illinois Criminal Justice Information Authority
•	Illinois Finance Authority
•	Illinois Student Assistance Commission
•	Office of the Comptroller
•	Secretary of State
•	State Board of Education
•	State Board of Elections
•	University of Illinois
•	Workers Compensation Commission

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## ***EMERGENCY PURCHASES***

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the fourth quarter of Fiscal Year 2006 and it contains fifty six filings with this Office.

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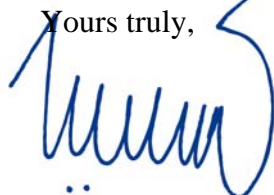
## ***CONTRACTUAL SERVICES CERTIFICATIONS***

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive based on retirement before 1993. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the fourth quarter of Fiscal Year 2006, the Auditor General received no new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,



WILLIAM G. HOLLAND  
Auditor General